BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on Regulations Relating to Passenger Carriers, Ridesharing, and New Online-Enabled Transportation Services	Rulemaking 12-12-011 (Filed December 20, 2012)

COMMENTS OF LYFT, INC. RE: ASSIGNED COMMISSIONER'S RULING ON THE CONCEPT OF PERSONAL VEHICLES

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Lyft, Inc. ("Lyft") submits the following comments in response to the Assigned Commissioner's Ruling Inviting Party Comments on the Concept of Personal Vehicles ("ACR"), dated June 6, 2016.

1. Preliminary Comments on the Need to Further Refine the Personal Vehicle Concept

On September 19, 2013, the Commission adopted Decision No. (D.) 13-09-045, creating a new category of charter-party carrier of passengers known as Transportation Network Companies ("TNCs") and defining TNCs as an "online-enabled app or platform to connect passengers with drivers using their personal vehicles."[1] The Commission did not further define the term "personal vehicle." During Phase II of this proceeding, the Assigned Commissioner's April 21, 2016 Proposed Decision (Rev. 2), which was not ultimately adopted, suggested further defining the term personal vehicle to include only vehicles owned by the driver or subject to a lease of four months or longer.[2] The Proposed Decision indicated that the four-month limitation was premised upon certain provisions of the California Vehicle Code and would ensure compliance with regulatory requirements. However, the Proposed Decision did not explain why a four-month standard was necessary to ensure compliance, or was preferable to any greater or lesser time period. After various parties expressed concerns regarding the proposal, the Assigned Commissioner removed the four-month limitation from the final version of the Phase II decision in order to permit a more in-depth examination of the issue. This ACR followed.

The ACR suggests there is a need for clarity as to whether the concept of "personal vehicle" should encompass a driver's leasing or renting a vehicle, noting reports that TNCs are exploring arrangements with third parties to make vehicles available on a shorter-term basis.

1 D. 13-09-045, at p. 1.
2 Proposed Decision, April 21, 2016, pp. 39-42.

Wisely, however, the ACR does not presuppose that restricting the personal vehicle concept based on the term of the agreement by which a driver acquires possession of a vehicle is either compelled by statute or is the most appropriate method of addressing any potential regulatory concerns. Lyft agrees with this approach.

In the absence of a clear regulatory imperative for narrowing the concept of "personal vehicles," it is Lyft's view that the Commission's focus should be on ensuring compliance with existing TNC requirements, whatever the form of vehicle ownership. The Commission should avoid imposing arbitrary time limitations untethered to any statutory requirement or regulatory imperative, as such arbitrary limitations would hinder innovation and competition, and tend to exclude economically disadvantaged individuals from participating in the TNC economy.

2. Questions Posed By the ACR

2.1 Are there any safety or other public-policy concerns that would arise if a TNC driver were allowed to lease or rent a vehicle to provide TNC services? If so:

(a) describe these safety or other public-policy concerns with specificity and with reference to any applicable Commission decision, ruling, general order, state statute, state decisional law, federal decisional law, federal statute, or research that supports each of your concerns; and

(b) How can the Commission best address these safety or other public-policy concerns?

The manner in which an individual acquires the right of possession of a vehicle[3] does not itself present any regulatory concerns and should be relevant from a regulatory perspective only to the extent it presents challenges to enforcement of existing regulations, such as the inspection requirement and insurance requirements, or ensuring that information about the vehicle is appropriately reflected in the app. As explained below, there are no technical or operational impediments to complying with applicable safety and regulatory requirements for vehicles acquired by way of a lease or rental agreement. Accordingly, in evaluating the need for greater clarity, the Commission's overriding objectives should be to ensure that adequate mechanisms are in place to ensure compliance regardless of the form of vehicle ownership and to avoid imposing arbitrary and regressive barriers to participation for individuals who lack access to qualifying vehicles. To the contrary, alternate forms of vehicle ownership should be encouraged because of

[3] E.g., by purchasing a vehicle outright, subject to a security interest held by a finance company, leasing a vehicle pursuant to a long-term lease, or renting a vehicle for a lesser period.

the many positive economic, environmental and mobility benefits that flow from allowing additional flexibility in vehicle ownership, without any accompanying decrease in public safety.

<u>"Clear Title" Ownership Is No Longer the Dominant Paradigm for Personal Vehicles</u>

In California, as in the rest of the country, millions of individuals are choosing to lease or finance new vehicles rather than purchasing them outright. Indeed, recent reports suggest that up to ***one of every three*** new vehicles sold in the United States is leased, rather than purchased.[4] These reports attribute the increasing popularity of leases to the fact that leasing typically results in lower payments and lower upfront costs than purchasing or financing a vehicle, and leads to greater affordability for consumers.[5] Other reports suggest that vehicle ownership itself is in decline, as millennials forego purchasing vehicles and rely instead on public transit, car sharing, ridesharing, and short-term vehicle rental services such as Zipcar, Turo or Flightcar, for their transportation needs.[6]

Academic studies by leading authorities in the field indicate that this latter trend – the use of transportation alternatives other than vehicle ownership -- has positive benefits for the environment, such as shedding older, less efficient vehicles which have a disproportionately negative impact on greenhouse gas emissions.[7] California's Climate Change Scoping Plan calls for a 30% reduction in vehicle greenhouse gas emissions by the end of 2016, and further reductions by 2020.[8] Policies that encourage the introduction of more energy efficient vehicles are

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4 March 4, 2016, USA Today, "More New Cars Leased Than Ever," at http://www.usatoday.com/story/money/cars/2016/03/03/report-more-new-cars-leased-than-ever/81286732/ ("A third of new car and truck transactions in the last three months of 2015 were leases, up from 29.9% a year earlier and more than 10 percentage points higher than the level in the fourth quarter of 2011."); June 1, 2015, CNBC, "Record Number of Americans Leasing Autos," at http://www.cnbc.com/2015/06/01/record-highs-of-americans-leasing-vehicles.html ("Experian found an all-time high of 31.46 percent of new vehicles financed in the first quarter were leased."); January 8, 2015, NY Times, "Auto Leasing Gains Popularity Among American Consumers," at http://www.nytimes.com/2015/01/09/business/auto-leasing-gains-popularity-among-american-consumers.html?_r=0 ("More than one out of every four new vehicles was rented, rather than bought, by American consumers – and the percentage choosing a lease has risen sharply over just the last two years.") .

5 *Ibid*

6 July 5, 2013, The Daily Beast, "Young Americans Are Abandoning Car Ownership and Driving," at http://www.thedailybeast.com/articles/2013/07/05/young-americans-are-abandoning-car-ownership-and-driving.html ("With these new businesses [Zipcar, Uber, Lyft, and Car2Go], you don't need to own a car in order to gain the mobility that an automobile provides."); June 29, 2013, The New York Times, "The End of Car Culture," at http://www.nytimes.com/2013/06/30/sunday-review/the-end-of-car-culture.html?pagewanted=all&_r=2&

7 "The Impact of Carsharing on Household Vehicle Ownership," Shaheen and Martin, Access, Spring 2016 ("Carsharing can substantially reduce the number of vehicles owned by member households . . . [t]he vehicles shed are often older, and the carsharing fleet is an average of 10 mpg more efficient than the vehicles shed."); "Carsharing for Business | Zipcar Case Study & Impact Analysis," Shaheen and Stocker, Transportation Sustainability Research Center - University of California, Berkeley, July 2015.

8 *See* http://www.arb.ca.gov/cc/cleanenergy/clean_fs2.htm (summary of California Climate Change Scoping Plan); *see also*, *e.g.*,http://www.cityofberkeley.info/ContentDisplay.aspx?id=71002 (City of Berkeley Climate Action Plan notes that

critical to meeting these goals.[9] Furthermore, in addition to the environmental benefits to be gained, fostering transportation alternatives such as TNCs has been shown to significantly reduce alcohol-related accidents, including fatalities.[10]

As the Commission evaluates the need to further refine the personal vehicle concept, Lyft urges the Commission to carefully consider these trends and the positive impact that reduced vehicle ownership and the emergence of varied transportation alternatives can have on the environment, on economic opportunity, and in generating other societal benefits. Conversely, it should also consider the adverse consequences of compelling individuals to enter into long-term vehicle ownership arrangements as the "price of admission" to participating in the TNC economy.

<u>The Economic Impact of Permitting Flexibility in Ownership</u>

Lyft currently receives thousands of applications for drivers who wish to use the Lyft platform -- and who are approved under ***all*** CPUC requirements and Lyft's own requirements -- but who cannot do so because they do not own a qualifying vehicle. Often times, although an applicant may own a vehicle, the vehicle does not qualify because it exceeds the vehicle age limit or because the make or model of the vehicle is not conducive to providing TNC services. In Lyft's experience, these minimum vehicle standards, though imposed for good and salutary purposes, disproportionately impact individuals who cannot afford a newer vehicle or to pay for necessary vehicle repairs, or who may lack sufficient resources or credit history to enter into a long-term vehicle lease.

As a result, Lyft has been working hard to develop creative solutions to address this issue and has already seen the positive economic impact of making short-term rentals available for approved Lyft drivers through its Express Drive program. The Express Drive program enables Lyft drivers in select cities outside of California to affordably access high-quality vehicles for TNC use, with open-ended timelines.[11] For example, in the City of Chicago, thousands of driver applicants were unable to drive on the Lyft platform because of the vehicle age limit, vehicle

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vehicle trips account for about half of total community-wide emissions, and sets the goal of reducing transportation emissions by 33% below 2000 levels by 2020 and 80% by 2050.).

[9] *See* http://www.climatecentral.org/news/cars-buildings-key-to-california-climate-goals-18961 ("Electrifying vehicles across California may be a key to reducing the state's overall greenhouse gas emissions partly because renewables will produce more and more of the state's power supply and electric vehicles are more energy efficient than gasoline vehicles.").

[10] "Ride-Sharing, Fatal Crashes, And Crime," Dills and Mulholland, Spring 2016 (concluding that entry of TNCs into the market reduced the fatal accident rate by 6%, fatal night-time crashes by 18%, and DUIs by, on average, 51.3% per year). For a copy, *see* http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2783797 .

[11] The Express Drive program is currently available in Chicago, Boston, Washington, D.C., and Baltimore. More information about the program can be found here: https://help.lyft.com/hc/en-us/articles/218196557-Express-Drive-Rental-Car-Program-

condition requirement, or lack of access to an acceptable vehicle. Upon launching Express Drive in Chicago, Lyft saw high adoption rates among approved drivers who now have access to a new source of income. In addition to the Express Drive program, Lyft has seen strong adoption and positive benefits from Evercar, a service focused on making electric and hybrid-electric vehicles available for drivers on TNC platforms. The varied socio-economic and environmental benefits of such programs is illustrated by the high demand for Evercar's environmentally friendly vehicles in lower-income southern California neighborhoods such as Crenshaw, Hawthorne, and Longbeach, where drivers might not otherwise have vehicles that meet the TNC requirements.

Mobility and Safety Benefits

Permitting individuals to provide TNC service by way of leases and short-term rentals also generates mobility and safety benefits for communities by creating a more robust and accessible transportation network. In submitting their U.S. Department of Transportation Smart Cities Proposals, cities across the country, including San Francisco, recognized the value of tapping into short-term rental and leasing hubs as a new transportation option.[12] Instead of having thousands of existing rental and lease vehicles sitting in parking lots across the state, these newer vehicles can now quickly become an integral part of a region's overall transportation solution. Importantly, rental and lease vehicles tend to be newer vehicle models that have greater fuel efficiency, generate less greenhouse gases, and possess more robust safety features.

Environmental Benefits

Short-term rentals and leases can also serve as a convenient and highly effective means of accelerating zero emission electric vehicle adoption among Californians. While nearly 50% of all electric vehicles are purchased in California,[13] they nevertheless make up a very small fraction of the vehicles on California roads. Currently, less than 1% of Californians drive all-electric vehicles,[14] as electric vehicles tend to require a significantly greater up-front investment than traditional gasoline-powered vehicles and face other barriers to acceptance. In addition to price barriers, the challenge (real or perceived) of consistent access to charging stations presents a

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[12] *See* https://www.transportation.gov/smartcity; *see also, e.g.*, https://www.transportation.gov/sites/dot.gov/files/docs/San%20Francisco%20Vision%20Narrative.pdf (San Francisco proposal).

[13] *See* http://www.pevcollaborative.org/pev-sales-dashboard (As of June 2016, sales of PEV vehicles nationally equaled 466,841, with 216,220 of those sales in California).

[14] California Department of Motor Vehicle statistics reflect a total of 24,487,807 registered automobiles (excluding trucks, trailers, motorcycles, etc) in California. See https://www.dmv.ca.gov/portal/wcm/connect/fafd3447-8e14-4ff6-bb98-e85f3aa9a207/California+DMV+Statistics.pdf?MOD=AJPERES . Thus, a mere .9% of currently registered vehicles in California are plug-in electric vehicles (i.e., 216,200/24, 487,807).

further hurdle to electric vehicle adoption. Short-term rental or lease hubs focused on hybrid and electric vehicles offer fast charging stations and flexible financial arrangements, thereby helping to eliminate two key barriers to the use of electric and hybrid-electric vehicles. Evercar, which has a 100% electric or hybrid fleet of vehicles, is a good example of a service which has emerged with the goal of eliminating barriers to adoption of such vehicles. By making electric and hybrid vehicles more accessible and affordable, without the high upfront costs and long-term financial commitment associated with purchasing or leasing such vehicles, more and more Californians will be exposed to the benefits of driving an electric vehicle. PUC policies aimed at encouraging the adoption of electric vehicles, including in providing TNC service, should represent an important component of the state's efforts to have 1.5 million zero-emissions-vehicles on the road by 2025.[15]

2.2 Should there be a minimum time period in order for a leased or rented vehicle to be driven by a TNC driver to qualify as a "personal vehicle"? If so, what are the applicable statutes or decisional law that support your response?

It appears that underlying the ACR's request for comments is a concern that permitting TNC drivers to use vehicles subject to leases or shorter-term rental agreements is somehow inconsistent with the rationale for existing regulations and may present logistical impediments to compliance. As more fully explained below, defining personal vehicle ownership to encompass vehicles subject to leases and shorter-term rental agreements, in addition to vehicles purchased outright or subject to a finance agreement, is entirely consistent with the relevant statutory framework, and presents no substantial regulatory concerns.

2.2.1 The Legislature Has Made Clear that Ownership for Purposes of the Charter Party Carrier Act Includes Both Leases and Rental Agreements

The California Public Utilities Code consistently states that vehicle ownership for the purpose of public passenger transportation encompasses a legal right of possession pursuant to a lease ***or*** rental agreement, in addition to ownership by a purchase or finance agreement. Public Utilities Code §5362, part of the Charter Party Carrier Act, provides:

> With respect to a motor vehicle used in the transportation of persons for compensation by a charter-party carrier of passengers, "owner" means the corporation or person who is registered with the Department of Motor Vehicles as the owner of the vehicle, or who

[15] https://www.opr.ca.gov/docs/Governor's_Office_ZEV_Action_Plan_(02-13).pdf

> has a legal right to possession of the vehicle pursuant to a lease or rental agreement.

This view of ownership, as encompassing "a legal right of possession of the vehicle pursuant to a lease or rental agreement," is observed throughout the Public Utilities Code and extends to various categories of transportation providers in addition to charter party carriers, including passenger stage corporations, household goods carriers and vessel operators. *See* Pub. Util. Code, §214.5 ("With respect to a motor vehicle used in the transportation of passengers for compensation by a passenger stage corporation, 'owner' means the corporation or person who is registered with the Department of Motor Vehicles as the owner of the vehicle, or who has a legal right to possession of the vehicle pursuant to a lease or rental agreement."); Pub. Util. Code, §5110.5 ("With respect to a motor vehicle used in the transportation of property for compensation by a household goods carrier, 'owner' means the corporation or person . . . who has a legal right to possession of the vehicle pursuant to a lease or rental agreement."); Pub. Util. Code, §4670 ("'owner' means the corporation or person who is registered as the owner of the vessel or who has a legal right to operate the vessel pursuant to a lease or rental agreement").

The Public Utilities Code does not define the terms "lease" or "rental agreement;" however, other provisions of the California Code are instructive in determining what the Legislature meant when it used those terms. Those provisions make clear that when the Legislature used the term "lease" it meant to refer to a contract granting possession of a vehicle for a term exceeding four months in duration, and when it used the term "rental agreement," it intended to include shorter term agreements, including agreements of 30 days or fewer in duration. For example, the Vehicle Code describes a lessee as "a person who leases, offers to lease, or is offered the lease of a motor vehicle for a term exceeding four months," and a "lessor" as "a person who, for a term exceeding four months, leases or offers for lease, negotiates or attempts to negotiate a lease, or induce any person to lease a motor vehicle .…" *See* Veh. Code §§371 and 372. Conversely, the Vehicle Code describes a rental agreement as a contract with an ***outer*** limit of four months while also making clear that such agreements may be of 30 days or fewer in duration. *See* Vehicle Code §508 (a "renter" is "a person who is engaged in the business of renting, leasing or bailing vehicles for a term not exceeding four months and for a fixed rate or price."); Veh. Code, §24010 (imposing requirements for vehicle rental agreements, which it defines as "the rental of any vehicle, for periods of 30 days or less"); Veh. Code §27900 (establishing requirements for vehicles subject to "a rental agreement with a term of not more than

30 calendar days"); Veh. Code, § 34507.5 ("a rental agreement with a term of not more than 30 calendar days"). Thus, under California law, the term "rental agreement" includes agreements of as long as four months or as short as 30 days or fewer in duration.

The Commission regulates TNCs under the authority granted by the Charter Party Carrier Act and has expressly determined that TNCs are charter party carriers under its jurisdiction. Because the Legislature has determined that ownership for purposes of the Charter Party Carrier Act includes both leases ***and*** rental agreements, the latter of which may be of 30 days or fewer in duration, the concept of personal vehicle ownership as applied to TNCs should necessarily also encompass vehicle leases and vehicle rental agreements of 30 days or fewer. Accordingly, consistent with the statutory framework governing TNCs, the Commission should not impose rules discriminating against TNC drivers based upon the manner in which they acquire a legal right of possession, and should instead focus its efforts on confirming that appropriate mechanisms are in place to ensure compliance with TNC regulations relating to the vehicle.

Finally, Lyft understands that there is a legislative bill moving swiftly through the California legislature this session, which addresses this same issue. Assembly Bill 2763 amends the definition of "personal vehicle," as defined by Public Utilities Code section 5431, to include a vehicle that is rented for 30 days or less. The bill passed nearly unanimously out of the Assembly on a vote of 75-2. In the Senate, it had similar success and passed out of the Senate Transportation Committee, 11-0, and most recently, passed out of the Senate Energy, Utilities and Communications Committee 9-0. The Senate will vote on the bill in August, and then the Assembly will re-vote on the bill immediately afterwards. The bill received a great deal of support[16] and is anticipated to be signed by the Governor by the end of the 2016 session. If so, there will be an immediate need for the Commission to promulgate rules in accordance with the language of this bill and the information collected in this phase of the proceeding will be instructive and serve as a basis for required action.

[16] Supporting organizations for AB2763 include the Asian Business Association; Bay Area Council; California Black Chamber of Commerce; California Chamber of Commerce; California League of Conservation Voters; California Manufacturing and Technology Association; Circulate San Diego; City of Beverly Hills; Electric Vehicle Charging Association; Enterprise Holdings; Evercar; Fresno Metro Black Chamber of Commerce; Greenbelt Alliance; Hertz; Korean Resource Center; Lyft; Pacific Asian Consortium on Employment; Planning and Conservation League; SPUR; San Diego Regional Chamber of Commerce; Silicon Valley Leadership Group; TechNet; The Internet Association; TransForm; Travelers United; Uber Technologies, Inc.; and Volta.

2.2.2 The Commission Should Not Prohibit Any Forms of Vehicle Ownership But Should Confirm that TNCs Retain Ultimate Responsibility for Ensuring that Vehicles Meet Existing Inspection and Insurance Requirements

As explained above, the applicable statutory scheme and Commission regulations make clear that ownership for purposes of charter party carriers, including TNCs, encompasses both leases and rental agreements. For that reason, and lacking any other sound basis, the Commission should not prohibit any particular forms of vehicle ownership for TNC drivers. It is nevertheless appropriate for the Commission to confirm that adequate mechanisms are in place to ensure that however a TNC driver acquires a legal right of possession of a vehicle, existing insurance, inspection and other requirements are satisfied.

In this respect, California Vehicle Code §24010 is instructive. Pursuant to that section, the Legislature determined that for vehicle rental agreements of 30 days or fewer, the responsibility for ensuring that a vehicle meets applicable safety requirements is placed on the rental agency, rather than the individual renting the vehicle. Thus, §24010 provides that:

> No person engaged in the rental of any vehicle, for periods of 30 days or less, shall rent, lease or otherwise allow the operation of such vehicle unless all of the following requirements are met:
>
> > (1) All necessary equipment required by this code and regulations adopted pursuant to this code for the operation of the vehicle upon a highway has been provided or offered to the lessee for his or her use.
> >
> > (2) The vehicle conforms to all applicable federal motor vehicle safety standards established under the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. Sec. 1381 et seq.) and the regulations adopted under that act.
> >
> > (3) The vehicle is mechanically sound and safe to operate within the meaning of Section 24002.

Vehicle Code §24010(a). This provision applies to all vehicles made available for rent for a period of 30 days or fewer, and thus appears to include vehicles made available for use on a TNC platform. However, because the Commission lacks enforcement authority over rental car agencies, it would be appropriate for the Commission to adopt rules clarifying that although the TNC remains ultimately responsible for ensuring compliance with applicable regulatory requirements, the TNC may meet its responsibility by contracting with an entity offering vehicles used in providing TNC services to complete inspections at facilities licensed by the California Bureau of

Automotive Repair ("CBAR"). Although vehicles subject to rental agreements of longer than 30 days, and lease agreements, would not be governed by Vehicle Code §24010(a), a similar regulatory approach – i.e., permitting TNCs to contract with a third party to complete necessary inspections -- would ensure compliance.

Thus, the Commission should clarify that a TNC may meet its responsibility to ensure compliance with inspection requirements in one of two ways: (1) by entering into a contractual arrangement with an entity offering vehicles on shorter-term rental agreements or leases under which that entity is responsible for completing CBAR-licensed inspections or (2) by itself retaining sole responsibility for verifying compliance with inspection requirements. Because the Vehicle Code already places responsibility on the agency renting vehicles for short-term use to ensure that vehicle inspections are conducted, it will almost always make sense for a TNC to avoid duplication of effort and to contract with such an entity to complete the required CBAR-licensed inspections. By the same token, it will often make sense from an operational perspective to adopt a similar arrangement for rentals of longer than 30 days, and for leases. However, the determination as to how best to satisfy applicable requirements should be left to the TNC. So long as the TNC remains ultimately responsible for ensuring compliance with applicable requirements, the manner in which the TNC chooses to discharge its obligations should not matter from a regulatory perspective. Furthermore, because the emergence of entities willing to make vehicles available for use in providing TNC service is a relatively new development, the Commission should avoid imposing rigid requirements that inhibit efficiency or innovation, and should instead focus on simply ensuring that an adequate enforcement mechanism exists for ensuring compliance.

With respect to insurance, no changes are necessary. The TNC should be responsible, as it is now, for providing coverage for periods one through three (i.e. while the TNC application is on), and the individual driver should be responsible for maintaining insurance that complies with the mandatory California statutory requirements, while the app is off (i.e. "period zero"). One way the driver can obtain this "period zero" insurance is to enter into a contractual relationship with the entity providing the short-term rental or lease, to provide the necessary insurance.

2.3 Should the definition of a "personal vehicle" not be tied to a time period but instead be defined by authorized uses? For example, should one requirement of a "personal vehicle" be the explicit authorization of using the vehicle for TNC service in any rental or lease contract?

Lyft does not believe that there is a sound legal or regulatory basis to distinguish between vehicles based upon the time period for which the driver has a legal right of possession, or for requiring that an agreement between a rental or leasing company and a TNC driver contain a specific authorization regarding TNC services.

2.4 Where alternative definitions are proposed in answer to questions 2 and 3, how will a proposed definition of personal vehicle ensure adherence to the Commission's existing safety rules regarding vehicle inspections and insurance?

Under existing Commission rules, the TNC is responsible for ensuring compliance with inspection, insurance (periods one through three), and other requirements. There are no technological or operational impediments to TNCs continuing to be responsible for ensuring compliance with respect to vehicles subject to a lease or shorter-term rental arrangement.

2.5 Where a non-TNC company offers vehicles for TNC drivers to use, what specific documentation and processes should be required of that company and/or of the TNC so that the Commission can ensure that rules regarding vehicle inspections, trade dress, and insurance are met?

At this stage, Lyft believes that short-term TNC rentals or leases should be subject to the same insurance and inspection processes and requirements as any other TNC vehicle. The Commission has established comprehensive and thoughtful rules relating to requirements of TNC vehicles, and these requirements should not be affected by the duration of the driver's use of the vehicle. Currently, the Commission requires all TNCs to electronically file evidence of the required insurance for periods one through three, and for the insurance providers to give the Commission notice in advance of any cancellation of such policy. The Commission also requires all TNC vehicles to display Commission-approved trade dress in the front and rear of the vehicle, and that all TNC vehicles be inspected prior to service, and at the earlier of 50,000 mile or one-year intervals, by a facility licensed by the California Bureau of Automotive Repair. Lyft believes that these requirements should be applied to all TNC vehicles, including those subject to a rental and shorter-term lease. Lyft does not perceive any operational difficulties in ensuring that these regulations are complied with as to short-term TNC rentals or leases of vehicles.

2.6 Should the Commission distinguish vehicle inspection and insurance rules depending on the source of the vehicle offered on a short-term basis to TNC drivers, such as rental fleets or fleets offering peer-to-peer vehicle transactions as contrasted with individual peer-to-peer transactions?

Lyft believes that the Commission's existing inspection and insurance rules should be applied uniformly without regard to the source of the vehicle. Although the method by which the TNC meets these requirements will likely differ, the TNC will ultimately be responsible for meeting these requirements. For example, for short-term rental arrangements, a TNC may contract with the entity offering the rental vehicles to complete the required CBAR-licensed inspections. For peer-to-peer transactions, the TNC would verify compliance as it would for all other vehicles at onboarding.

2.7 What insurance products exist that cover, for a single vehicle, multiple drivers driving the vehicle for periods of less than 24 hours for personal use and for a TNC? Does the insurance attach to the vehicle or to the individual driver? Does the insurance product meet California's legal requirements?

It is Lyft's understanding that insurance products exist that cover rental vehicles to be driven by more than one driver within a 24-hour period, so long as each driver enters into a contract with the rental company. Through the contract with the TNC driver, the rental company would provide the "period zero" insurance, and the driver on the Lyft platform would be covered by Lyft's insurance while the app is on (periods one through three), the same as any other driver on the Lyft platform.

2.8 How much time is needed for a TNC to update its inspection, mileage, or other records on a vehicle being used by one or more drivers: (a) for periods of less than 24 hours; (b) on a weekly basis; or (c) on a monthly basis?

The Lyft process for updating the required records currently takes less than one hour, regardless of the time period that the vehicle is in use. This process, and the relevant time requirement, is subject to change as the Lyft application continues to evolve along with regulatory requirements, but Lyft does not believe that technological or process limitations pose any barrier to compliance, regardless of the time a driver has possession of a vehicle.

2.9 How many times a day is it feasible for a TNC to update its vehicle records where a car may be driven by several drivers in a 24-hour period?

Given that vehicle records can be updated in less than an hour, it is technologically feasible to update vehicle records several times during the course of a day. If that were to occur, it would be the responsibility of Lyft to make sure that the vehicle and driver meet all of the compliance requirements under the CPUC regulations before an individual would be permitted to accept a ride request on the platform.

2.10 What procedures are taken by a TNC to ensure that drivers have current vehicle information in the TNC's records?

The Lyft application displays information to passengers about the vehicle that is properly approved, including the license plate number, the make and model, and a picture of the vehicle. In the event that the driver's vehicle does not match the information in the application, the passenger is empowered to submit complaints through the application itself, or may do so by email or telephone to Lyft.

Lyft's policy is to immediately deactivate a driver's account upon receiving a report of the vehicle not matching the vehicle registered in the driver's account. Upon deactivation, Lyft will conduct an investigation, which entails both an evaluation of the driver's account (including notes of any previous complaints), and reaching out to the driver directly. Upon receiving acknowledgment from the driver and verifying that the proper vehicle is approved, the driver may be reactivated, and a notation is placed in his or her account. Multiple violations will result in permanent deactivation of the driver's account.

Lyft has largely automated the process for drivers to switch vehicles, by enabling drivers to upload the relevant documents through the Lyft driver application itself. This streamlined process makes it much easier and smoother for drivers to switch between approved vehicles with minimal delays, and ensures that all regulatory requirements (such as vehicle inspection, insurance, vehicle information) are verified as having been met for each vehicle placed in service.

2.11 What procedures are taken by a TNC when it finds that a driver has not notified the TNC that s/he is driving a vehicle other than the one originally registered by the driver?

As noted in the response to question 10 (in §2.10 above), it is Lyft's policy to immediately deactivate drivers who are reported to be driving a vehicle other than the vehicle properly registered by the driver. Upon an investigation and correction of the issue, the driver's account may be reactivated. Multiple violations will result in a permanent deactivation of the driver's account.

2.12 How should the Commission ensure that each TNC company and/or company offering leased cars to TNC drivers maintains a proportion of vehicles that are accessible to disabled riders?

Lyft complies with the Commission's current directive regarding accessibility for TNCs, as set forth in D. 13-09-045, Ordering Para. 11. In addition, Lyft is continually exploring opportunities for increasing the availability of accessible vehicles for users of the Lyft platform, including as part of its discussions with entities offering to make vehicles available to drivers by a lease or rental agreement. Lyft is not aware of any legal mechanism by which the Commission could compel such entities to maintain a proportion of accessible vehicles, but Lyft looks forward to continuing to work with the Commission to evaluate ways to improve accessibility on the Lyft platform.

Dated: July 11, 2016

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By: *\/S\/*

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